

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1020 – SB 1086

April 8, 2018

SUMMARY OF ORIGINAL BILL: Defines “short-term rental unit” as a residential dwelling, including a single-family dwelling or a unit in a multi-unit building, such as an apartment building, condominium, cooperative, or time-share that is rented wholly or partially for a fee for a period of less than thirty continuous days. Defines “short term rental unit provider” as any person or entity engaged in renting a short-term rental unit to an occupant. Defines “online short-term rental unit marketplace” as any person or entity that provides a digital platform for compensation, through which a third party offers to rent a short-term rental unit to an occupant.

Requires short-term rental unit providers which furnish short-term rental units to transients to pay any occupancy tax, sales tax, and other applicable taxes. Establishes that a short-term rental unit marketplace is required to collect and remit taxes for short-term rental unit providers using such short-term rental unit marketplace services.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$346,200/FY18-19/General Fund

\$4,000/FY18-19/Department of Revenue

\$692,400/FY19-20 and Subsequent Years/General Fund

\$8,100/FY19-20 and Subsequent Years/Department of Revenue

Increase State Expenditures - \$76,100/FY18-19

\$145,800/FY19-20 and Subsequent Years

Increase Local Revenue - \$369,600/FY18-19

\$739,200/FY19-20 and Subsequent Years

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

HB 1020 – SB 1086

SUMMARY OF AMENDMENT (016581): Deletes all language after the caption. Authorizes short-term rental unit owners to be exempt from ordinances, resolutions, regulations, rules or other requirements that prohibit or regulate short-term rental property if the property was being lawfully used as a short-term rental prior to the enactment of the ordinance, unless an ordinance, resolution, regulation, rule, or other requirement enacted prior to January 1, 2014, expressly limits the period of time a residential dwelling is authorized to be rented.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Any action taken by a local government to regulate short-term rentals is permissive.
- This legislation defines a local governing body as the legislative body of a city, municipality, county, or other political subdivision of this state that has the authority to enact a zoning ordinance, resolution, regulation, rule or other requirement of any type regarding land use in its jurisdiction.
- This legislation authorizes condominiums, co-ops, homeowners associations, or other similar entities to prohibit or otherwise restrict an owner of property within the respective jurisdiction from using the owner's property as a short-term rental unit.
- This legislation defines "lawfully used as a short-term rental unit" as property that was permitted or expressly authorized to operate as a short-term rental unit pursuant to a properly adopted ordinance.
- This legislation requires an ordinance, resolution, regulation, rule or other requirement of any type that prohibits, effectively prohibits or otherwise regulates the use of property as a short-term rental to not apply to property if the property was being lawfully used as a short-term rental unit by the owner of the property prior to the enactment by the local governing body.
- In instances where an ordinance, resolution, regulation, rule or other requirement is passed in a jurisdiction where property was being lawfully used as a short-term rental prior to the enactment of the ordinance, state and local tax collections on such units would continue to be collected.
- In instances where an ordinance, resolution, regulation, rule or other requirement is passed that restricts or prohibits a short-term rental unit that is not required to be permitted and the local government has not passed an ordinance expressly authorizing the use of such property as a short-term rental unit, consumers will shift spending to short-term rental alternatives; therefore, any impact on state and local tax revenue is estimated to be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption for the bill as amended:

- Any impact to jobs or commerce in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj